

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AF-08 ARA-06 EA-07 EUR-12 NEA-10 IO-13
OIC-02 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01
INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05
CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01
SP-02 FEAE-00 OMB-01 GSA-01 /133 W
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P R 071254Z JAN 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 9253
INFO AMEMBASSY LA PAZ
AMEMBASSY JAKARTA
AMEMBASSY LAGOS
AMEMBASSY KINSHASA
AMEMBASSY BANGKOK
AMEMBASSY CANBERRA
AMEMBASSY KUALA LUMPUR
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AMEMBASSY THE HAGUE
AMEMBASSY OTTAWA
USMISSION USUN NEW YORK
USDEL MTN GENEVA

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FOR: EB/ISM - MR. LENAHAH
E.O. 11652: N/A
TAGS: EMIN
SUBJECT: TIN -- FIRST DAY OF 3RD ITC SESSION

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REFERENCE: LONDON 181

1. SUMMARY. FIRST DAY OF 3RD SESSION OF THE INTER-
NATIONAL TIN COUNCIL OPENED UNDER THE PALL OF BOLIVIA'S
REFUSAL TO RATIFY AGREEMENT AND NEWS THAT RECENTLY
ASTABLISHED CEILING PRICE HAD BEEN RUPTURED. COUNCIL
AGREED TO ESTABLISH A WORKING PARTY CONSISTING OF HEADS

OF DELEGATIONS TO STUDY BOLIVIAN ISSUE AND REPORT BACK TO A SPECIAL COUNCIL SESSION, PROBABLY TO BE HELD FEBRUARY 28 - MARCH 3. BUFFER STOCK HOLDINGS WERE DOWN TO 1,898 METRIC TONS AT END OF THIRD QUARTER 1976. END SUMMARY.

2. BOLIVIAN RATIFICATION. AFTER DETERMINATION TO FOLLOW ORDER IN DRAFT AGENDA AS CLOSELY AS POSSIBLE, COUNCIL MOVED RAPIDLY IN OPENING PLENARY SESSION TO QUESTION OF DEFINITIVE ENTRY INTO FORCE OF THE AGREEMENT, AND FACT THAT BOLIVIAN RATIFICATION IS REQUIRED UNDER THE 5TH AGREEMENT OR ITC WILL CEASE TO EXIST AFTER JUNE 30. AFTER THE BOLIVIAN DELEGATE (MIRANDA) READ HIS STATEMENT EXPLAINING BOLIVIA'S REASONS FOR NOT RATIFYING "AT THIS TIME" (REFTEL), CHAIRMAN LAI SUSPENDED THE PLENARY WITHOUT FURTHER DEBATE TO PERMIT PRODUCER AND CONSUMER GROUP MEETINGS. DURING CONSUMER GROUP MEETING, WHICH WAS COMPLICATED BY NEWS THAT THE PENANG CEILING HAD JUST BEEN RUPTURED, CONSUMERS GENERALLY AGREED THAT MIRANDA'S DEMANDS WERE UNACCEPTABLE, AND BOLIVIAN ISSUE WAS MOSTLY A PRODUCER PROBLEM. IN DISCUSSION OF AN IDEA FLOATED BY EXECUTIVE CHAIRMAN LAI THAT A WORKING PARTY SHOULD BE ESTABLISHED TO LOOK INTO WHAT MIGHT BE DONE ABOUT THE SITUATION, USDEL CAUTIONED THAT RE-NEGOTIATION WAS NOT THE ISSUE AND THAT THE U.S. COULD NEVER AGREE TO ESTABLISHMENT OF SUCH A GROUP IF IT WERE ANYTHING BUT A FACT-FINDING BODY. HE NOTED HE WAS UNABLE TO GIVE ASSURANCE THAT U.S. WOULD PARTICIPATE IN A RE-NEGOTIATION OR, IF IT LIMITED OFFICIAL USE

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DID, WOULD SIGN AND RATIFY. HE SAID THE WORKING PARTY COULD NOT BE ESTABLISHED AS A NEGOTIATING FORUM OR EVEN A PRE-NEGOTIATING COMMITTEE, NOR SHOULD IT BE ALLOWED DE FACTO TO BECOME ONE. OTHER DELEGATIONS SUPPORTED AND FURTHER REFINED THIS POSITION TO LEAVE NO DOUBT OF CONSENSUS ON ISSUE.

3. AT RESUMED PLENARY IN AFTERNOON, LAI FLESHED OUT HIS WORKING PARTY PROPOSAL BY SUGGESTING A TWO PART RESOLUTION:

- (A) THAT THE COUNCIL CONFIRMS THAT THE 5TH ITA SHALL REMAIN IN FORCE PROVISIONALLY IN ACCORDANCE WITH ARTICLE 50(B)
- (B) THAT A WORKING PARTY CONSISTING OF HEADS OF DELEGATIONS SHOULD CONSIDER THE POSITION AND REPORT BACK TO THE COUNCIL ON POSSIBLE COURSE OF ACTION.

LAI MADE IT CLEAR THAT TERMS OF REFERENCE OF THE WORKING PARTY WOULD BE LIMITED TO ASCERTAINING FACTS AND

WOULD NOT BE A NEGOTIATING GROUP. HE PROMISED THAT THE MINUTES OF THE SESSION WOULD SO REFLECT THIS. LAI SUGGESTED THAT BECAUSE OF THE URGENCY OF THE SITUATION, THE DATE OF THE NEXT SESSION SHOULD BE MOVED UP TO FEBRUARY TO RECEIVE THE WORKING PARTY'S REPORT. HE NOTED IT WAS IMPOSSIBLE TO RESTRICT THE SIZE OF THE PARTY.

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4. IN RESPONSE, PRODUCER VICE CHAIRMAN AGIDI SAID BOTH THE PROPOSED RESOLUTION AND THE IDEA OF MOVING UP THE LIMITED OFFICIAL USE

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DATE OF THE SESSION HAD THE UNANIMOUS APPROVAL OF THE PRODUCERS. CONSUMER VICE CHAIRMAN LEGOUX RESPONDED SIMILARLY FOR THE CONSUMERS; HOWEVER, IN FACT HE EXCEEDED HIS MANDATE SINCE QUESTION OF SHIFTING THE DATES HAD NOT BEEN DISCUSSED IN CAUCUS. NEVERTHELESS, BOTH THE UK AND CANADA PULLED OUT CALENDARS TO PROPOSE MOST ACCEPTABLE DATES -- FEBRUARY 28 - MARCH 3 --/AND NO ONE SEEMED WILLING TO QUESTION LAI'S FEELING THAT SPEED WAS ESSENTIAL. LEGOUX AND AGIDI THEN ATTEMPTED TO STAMPEDE THE MEETING INTO AN IMMEDIATE MEETING OF THE WORKING PARTY, BUT THIS WAS OPPOSED BY LAI AND THE USDEL WHO POINTED OUT IT /HAD EARLIER BEEN NOTED THAT THE COUNCIL SHOULD FIRST OF ALL CONSIDER THE RATIFICATION ISSUE IN AN ATMOSPHERE OF CALMNESS. OTHER THAN AN EXPRESSION OF HOPE BY LAI THAT BOLIVIA WOULD RECONSIDER AND RATIFY, THERE WAS NO DISCUSSION OF BOLIVIA'S STATEMENT. THE COUNCIL AGREED THAT THE UNCTAD LEGAL ADVISER, WHO WAS PRESENT AS AN OBSERVER, SHOULD GIVE A BRIEF OPINION OF THE LEGAL IMPLICATIONS OF NON-RATIFICATION AT THE NEXT DAY'S SESSION.

5. CEILING PRICE PROBLEM. WITH NEWS THAT THE PENANG PRICE HAD BROKEN THROUGH THE NEW ITC CEILING, CONSUMER VICE CHAIRMAN LEGOUX TOLD CONSUMERS THAT CHAIRMAN LAI WAS REQUESTING THE PERMISSION OF EACH GROUP TO PERMIT THE BUFFER STOCK MANAGER TO OPERATE (I.E. BOTH BUY AND SELL) ABOVE THE CEILING PROVIDED HE ENDED THE QUARTER AS A NET SELLER. LEGOUX STRONGLY URGED THIS AND NOTED A DECISION WOULD BE NEEDED WITHIN 15 MINUTES SINCE THE LME WAS ABOUT TO OPEN. HE NOTED DANGER THAT REMAINING STOCKS OF TIN WOULD QUICKLY BE EXHAUSTED. US AND FRG DELS STATED THEY WERE WITHOUT INSTRUCTIONS ON POINT. USDEL SAID HE WOULD SUPPORT A MOTION TO PERMIT THE BUFFER STOCK MANAGER "TO NOT SELL", BUT FELT IT WAS UNWISE TO GO BEYOND THIS, PARTICULARLY SINCE THE SEPTEMBER LEVEL WAS AT THAT TIME STILL UNKNOWN

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AND THE MANAGER'S REPORT HAD NOT BEEN DISCUSSED. LEGOUX , IN THE FIRST ACTION OF WHAT WAS TO BE A NONE-TOO-

IMPARTIAL DAY AS CONSUMER VICE CHAIRMAN, RULED THAT THE MAJORITY OF THE CONSUMERS SUPPORTED HIS IDEA. THE PROPOSAL, HOWEVER, WAS REJECTED IN THE PRODUCER MEETING ON THE BASIS OF ARGUMENTS SIMILAR TO THOSE PUT FORWARD BY THE USDEL. QUESTION WAS DISCUSSED AGAIN IN CONJUNCTION WITH THE BUFFER STOCK MANAGER'S REPORT DURING THE AFTERNOON PLENARY, BUT DECISION ON WHETHER TO GIVE DISCRETIONARY AUTHORITY TO TRADE WAS DEFERRED UNTIL FOLLOWING DAY. IN ANY CASE, MOST DELEGATES OTHER THAN LEGOUX SEEMED TO FEEL THAT THE SEPTEMBER LEVEL OF 1,898 TONS HAD PROBABLY BEEN DRAWN DOWN CONSIDERABLY AND THAT IN ANY CASE EXHAUSTION OF THE FEW REMAINING STOCKS WOULD HAVE LITTLE MARKET EFFECT. MANAGER'S REPORT WILL BE DISCUSSED MORE FULLY IN SEPTTEL.

6. PRESS LEAKS. JUST TO ADD A FINAL NOTE TO MEETING, PRODUCER VICE CHAIRMAN AGIDI TOOK FLOOR FOR A LONG, EMOTIONAL PROTEST ABOUT A "VICIOUS ARTICLE" IN THE METAL BULLETIN WHICH ATTACKED HIM PERSONALLY (ARTICLE SAID PRODUCERS WERE UNHAPPY WITH AGIDI'S SERVICES). USDEL EXPRESSED SYMPATHY AND SUPPORT FOR AGIDI, NOTING U.S. HAD BEEN VICTIMIZED ON THAT MORNING IN PRESS WITH SUGGESTION THAT U.S. HAD JOINED THE ITA WITH IDEA OF WRECKING IT, THAT HE WAS SURE NO ONE IN ROOM FELT U.S. WOULD GO TO TROUBLE OF SIGNING AND RATIFYING THE ITA JUST TO DESTROY IT. AFTER VARIOUS OTHER STATEMENTS, IT WAS AGREED THAT QUESTION OF PRESS RELATIONS SHOULD BE DISCUSSED MORE FULLY LATER.

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Message Attributes

Automatic Decaptioning: X
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
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